

Message Text

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PAGE 01 CARACA 00417 171142Z
ACTION ARA-14

INFO OCT-01 EUR-12 NEA-10 ISO-00 EB-08 /045 W
-----029713 171413Z /45

R 161549Z JAN 78
FM AMEMBASSY CARACAS
TO USDOC WASHDC
INFO SECSTATE WASHDC 737
AMEMBASSY LONDON
AMEMBASSY TEHRAN

UNCLAS CARACAS 0417

PASS TO: OED/MEPD AND OIM

E.O. 11652: N/A
TAGS: BENC, VE
SUBJECT: MAJOR PROJECT: GRAY IRON FOUNDRY

REF: CARACAS 0162 (NOTAL)

1. PROJECT NAME: GUAYANA GRAY IRON FOUNDRY.

2. BRIEF DESCRIPTION: GRAY IRON FOUNDRY CAPABLE OF PRODUCING 50,000 METRIC TONS OF CASTINGS ANNUALLY. THE FOUNDRY WILL BE LOCATED IN THE MATANZAS INDUSTRIAL PARK, PUERTO ORDAZ, BOLIVAR STATE. APPROXIMATELY HALF OF THE CASTINGS ARE TO USED BY DIESEL ENGINE MANUFACTURERS TO BE LOCATED IN NEARBY CIUDAD BOLIVAR. REMAINING PRODUCTION IS TO BE EXPORTED TO OTHER ANDEAN PACT NATIONS. THE GOV'S GUAYANA DEVELOPMENT CORPORATION (CVG) WILL REPORTEDLY PROVIDE 70 034:. OF THE CAPITAL FOR THIS PROJECT WHILE THE GOVERNMENT OF IRAN IS COMMITTED TO 25 034:. AND BRITISH LEYLAND INTERNATIONAL 5 PERC.

3. EXECUTING AGENCY/PROJECT MANAGER: MR. J. BANKDS; BRITISH LEYLAND INTERNATIONAL; LEYLAND HOUSE; 174 MARYLEBONE ROAD; LONDON NW 1, ENGLAND.
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 CARACA 00417 171142Z

4. STATUS OF PROJECT/ANTICIPATED BID DATES: BRITISH LEYLAND INTERNATIONAL (BLI), WHICH IS SERVING AS TECHNICAL PARTNER TO CVG, SUBMITTED ITS FOURTH REVISION OF A FEASIBILITY STUDY OF THIS PROJECT (WHICH RECOMMENDED THAT THE PROJECT BE CARRIED OUT) TO CVG MANAGEMENT IN MAY 1977. A GO-AHEAD DECISION WAS EXPECTED FROM CVG IN SEPTEMBER 1977 BUT HAS NOT YET BEEN MADE BECAUSE OF

REPORTED FOOT DRAGGING BY THE GOVERNMENT OF IRAN. DESPITE THE DELAYS, BLI'S REP HERE BELIEVES THAT THE PROJECT WILL COMMENCE BEFORE MID-1978. THE FOUNDRY IS EXPECTED TO BEGIN PRODUCTION APPROXIMATELY FOUR YEARS AFTER CONSTRUCTION WORK BEGINS.

5. ESTIMATED PROJECT COST/FOREIGN CONTENT: TOTAL PROJECT COST IS ESTIMATED AT \$100,000,000. IT IS ESTIMATED THAT AT LEAST 60 PERC. OF THAT AMOUNT WILL BE SPENT ON IMPORTED CAPITAL GOODS.

6. COMPETITIVE FACTORS: EAST GERMAN COMMERCIAL OFFICERS IN CARACAS HAVE APPROACHED BLI'S LOCAL REP REPEATEDLY TO OFFER EQUIPMENT FROM THEIR COUNTRY. HOWEVER, THE BLI REP HAS REFERRED THEM TO MR. BANKS IN LONDON WHO WILL COORDINATE ALL DECISIONS REGARDING THE CONSTRUCTION OF THE PLANT AND SUPPLY OF CAPITAL EQUIPMENT (BLI HAS ALREADY COMPLETED MOST OF THE DESIGN AND DETAIL ENGINEERING OF THE PLANT AND PROBABLY WILL PROVIDE CONSTRUCTION MANAGEMENT SERVICES AS WILL). AT ANY RATE, BLI WILL MAKE NO PURCHASING DECISIONS UNTIL A GO-AHEAD DECISION IS MADE BY CVG. AS EXPECTED, BLI WILL RECOMMEND PURCHASE OF U.K. EQUIPMENT ALTHOUGH HE ADDED THAT THERE WILL BE MANY OPPORTUNITIES FOR NON-U.K. SUPPLIERS.

VAKY

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 16 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978CARACA00417
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780024-1037
Format: TEL
From: CARACAS
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1978/newtext/t19780161/aaaabyyy.tel
Line Count: 85
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
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Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 CARACAS 162
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23 feb 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3771580
Secure: OPEN
Status: NATIVE
Subject: MAJOR PROJECT: GRAY IRON FOUNDRY
TAGS: BENC, VE
To: COM
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/119b63e3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014